

Competitor survey for Hotel Hekla

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<p>Tämä opinnäytetyö tehtiin toimeksiantona islantilaiselle Hotel Heklalle. Kyseessä on kilpailijakartoitus 45 kilometrin säteellä hotellista sijaitsevista majoitusliikkeistä. Tavoitteena oli määritellä, mitkä majoitusliikkeet ovat yrityksen suoria kilpailijoita ja esitellä niiden ominaispiirteet. Tuloksia verrattiin Hotel Heklan ominaisuuksiin, jotta nähtäisiin, onko sillä kilpailuetua.</p> <p>Teoreettisella tasolla työssä käsiteltiin kilpailuetua, kilpailijatyyppejä, kilpailuseuranta, kilpailuanalyysijä ja hakukoneoptimointia. Lähteinä käytettiin alan kirjallisuutta sekä erilaisia internetsivuja.</p> <p>Kilpailijakartoitus toteutettiin sekä määrällistä että laadullista menetelmää hyödyntäen. Tiedonkeruuseen käytettiin strukturoitua havainnointilomaketta sekä sisällönanalyysiä. Lähteet olivat sekundäärisiä käsittäen majoitusliikkeiden omat internetsivut sekä muita tunnettuja alan internetsivuja kuten TripAdvisor ja Booking.com. Saadusta tiedosta koottiin SWOT analyysi, josta selvisi Hotel Heklan tilanne kilpailijoihin nähden.</p> <p>Alueella on 43 kilpailevaa majoitusliikettä. Laajan tarjonnan joukosta määriteltiin yhdeksän ydinkilpailijaa, joilla on samankaltainen toiminta-ajatus kuin Hotel Heklalla. Tuloksista huomattiin, että Hotel Heklalla ei näytä olevan merkittävää kilpailuetua kilpailijoihinsa nähden. Sen tilanne on kuitenkin hyvä moniin muihin majoitusliikkeisiin verrattuna.</p> <p>Tulevaisuudessa Hotel Hekla voisi halutessaan pyrkiä saavuttamaan kilpailuetua erilaisin keinoin. Näitä ovat erikoispalvelut, esimerkiksi grillausmahdollisuus sekä pelihuone, yhteistyö paikallisten palveluntarjoajien kanssa esimerkiksi retkien maksun, varaamisen ja järjestämisen suhteen sekä hotellin teemoittaminen esimerkiksi Islannin luonnon tai saagojen mukaan.</p>	
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<p>This thesis was commissioned by Icelandic Hotel Hekla. It is a competitor survey of accommodation establishments located inside 45 kilometre radius around the hotel. The aim was to define which establishments are direct competitors and to present their characteristics. The results were compared to the characteristics of Hotel Hekla to find out whether it has a competitive advantage or not.</p> <p>The theoretical framework included concepts such as competitive advantage, competitor types, competitive intelligence, competitive analyses and search engine visibility. Secondary sources such as literature and various websites were utilized.</p> <p>Both quantitative and qualitative methods were used in this research. Data was collected using structured observation form and content analysis. The sources were secondary and included the websites of the accommodation establishments and other well-known industry websites such as TripAdvisor and Booking.com. To find out the situation of Hotel Hekla in relation to its competitors a SWOT analysis was made using the gathered information.</p> <p>There are 43 competitors in the area. Among the wide range of accommodation establishments there were defined nine establishments as core competitors. These have the most similar characteristics with Hotel Hekla. It was noticed that Hotel Hekla does not seem to have significant competitive advantage over its competitors. However, it has a rather good situation compared to many other accommodation establishments.</p> <p>In the future Hotel Hekla could try to gain competitive advantage through different methods. These are offering of special facilities such as grilling facilities and game room, co-operating with local service providers to, for example, organize trips and activities for the guests and investing in the design of the hotel by adding a theme. Possible themes could be for example the Icelandic nature or the sagas.</p>	
Key words Competitor survey, competitive advantage, accommodation establishments, Iceland.	

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1 Introduction

This thesis is a competitor survey for Hotel Hekla and commissioned by it. Hotel Hekla is a countryside hotel in South Iceland and the competitor survey focuses on other accommodation establishments located in the area. The aim is to define which establishments are direct competitors and to present their characteristics. Based on the information gathered, a SWOT analysis and development suggestions will be designed for Hotel Hekla.

The area to be researched has been narrowed down based on the wishes of the commissioner. This area is a circle with a 45 kilometres radius around Hotel Hekla. Some significant places such as the Golden circle sights and towns of Selfoss, Hveragerði and Hella are located within the area. It has been decided with the commissioner that only establishments with at least ten rooms or cabins or where it is possible to make ten separate bookings should be researched. The latter refers to hostels, where there might be less than ten rooms but it is possible to book a bed in a shared dorm.

The research problem is to survey the accommodation situation in the area. The characteristics researched include factors such as type of accommodation, number of rooms and sleeping places, services provided and reviews left by customers on Trip Advisor and Booking.com. In addition the search engine visibility and the quality of the web pages of the competitors are evaluated. Having designed the SWOT analysis it can be seen whether Hotel Hekla already has a competitive advantage over its competitors or a chance to gain it.

The research methods used are both qualitative and quantitative. The data is collected using observation and content analysis. The sources are secondary and include the existing web pages of the accommodation establishments and other tourism and accommodation web pages. The results of the research are presented using diagrams and illustrations to facilitate the perceiving of the accommodation situation of the area. The results will assist Hotel Hekla in defining its position in relation to the competitors and in the strategic planning.

Chapter two starts with short descriptions of Iceland and tourism in there. Also the commissioner is presented briefly. Basic information of Iceland contains short descriptions of the history, politics, economy, geography and climate of the country. Afterwards concentration focuses on tourism in Iceland and in South Iceland. Some statistics are presented in addition to the most important attractions, amenities and accessibility.

The theoretical framework begins in chapter three introducing the key concepts of competition. These are competitors, competitive advantage, competitive intelligence, competitive environment and its analysing techniques and different kind of competitive analyses. Additionally the concept of search engine visibility is presented. Chapter four concentrates on the research process in theory as well as considering this research. The research methods and data collection are explained and validity and reliability of the survey are evaluated.

The results of the competitor survey are presented in chapter five. They are divided into different categories based on different topics. The categories are: number, type and location of accommodation establishments, capacity, pricing, facilities, websites, search engine visibility and customer reviews. Finally they are all summarized and compared to Hotel Hekla utilizing SWOT analysis. Conclusions, development suggestions for Hotel Hekla and further research possibilities are displayed in chapter six and reflections conclude the report in chapter seven.

2 Iceland

This chapter concentrates on Iceland and tourism in there. There is basic information about Iceland, short descriptions about geography and economy and general information about tourism, accessibility and attractions. Additionally the accommodation, especially in South Iceland, is presented briefly as well as the commissioner Hotel Hekla.

2.1 Basic information of Iceland

The republic of Iceland, Lýðveldið Ísland, is an island located on the North Atlantic Ocean. The population is approximately 315 300 (July 2013) and nearly two thirds of them live in the capital Reykjavik (population 198 000). Population is mostly concentrated on the coastal areas and cities with urban population of 93 % of total population. The official language is Icelandic and the majority of population (80 %) belong to the Lutheran Church of Iceland. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014.)

The history of Iceland began in the 9th and 10th centuries when the Norwegian and Celtic people arrived. Afterwards it was ruled by both Norway and Denmark. In 1874 Iceland was granted a limited home rule from Denmark. In 1875 the eruption of Askja caused famine and in the following 25 years 20 % of the population migrated into the North America. Finally, in 1944 Iceland reached complete independence. (Central Intelligence Agency 2014.)

The president is elected for a four years period and there are no limits for periods. The current president, Ólafur Ragnar Grímsson, has been in the position since 1996 and has been elected five times in a row. The head of the government is the prime minister, at the moment Sigmundur David Gunnlaugsson. The parliament is unicameral and called Alþingi. It has 63 seats and members are elected by popular vote to serve a four year term. Currently the Social Democratic Alliance (SDA) has the most seats. (Central Intelligence Agency 2014.)

Geologically Icelandic soil is one of the youngest land masses in the world. It was born about 20 million years ago from volcanic eruptions at the bottom of the Atlantic Ocean. The island is situated on the Mid-Atlantic Ridge to the place where two tectonic plates still today slowly pull apart and lava rises up to fill the gap. This means that Iceland is located on a hot spot and has a lot of volcanic activity. There are over 200 volcanoes and eruptions and earthquakes happen occasionally. In 2010 Eyjafjallajökull erupted seriously disrupting European air traffic. Also nearby Katla has a high probability of eruption in the very near future that could potentially disrupt air traffic. The most active volcanoes are Grimsvötn and Hekla but there are also many other historically active volcanoes. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014; Insight guides 2002, 17.)

The area of Iceland is approximately 103 000 km² with land covering 100 250 km² and water 2 750 km². The coastline is 4 970 km long. The terrain is mostly plateau with some mountain peaks and ice fields and the landscape is mostly treeless. On the coast there are many bays and fjords. The highest point is Hvannadalsnukur (2 110 m) on Vatnajökull glacier. Approximately one fifth of the land is covered by glaciers. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014.)

The climate of Iceland is temperate. The north Atlantic Current has a moderating effect causing mild and windy winters and damp and cool summers. The weather is unpredictable with a branch of the Gulf Stream bringing warmth while also the proximity to the Arctic Ocean affects the weather. The air is clear and unpolluted. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014.)

The natural resources of Iceland include fish, hydropower, geothermal power and diatomite. Therefore the most important industries are fish processing, aluminium smelting, ferrosilicon production, geothermal power, hydropower and tourism. Also sheep farming is important. The agriculture is concentrated on potatoes, green vegetables, mutton, chicken, pork, beef, dairy products and fish. Iceland produces its own energy, mostly utilizing hydroelectric plants (73 %) with other renewable sources (22,3 %) and

fossil fuels (4,7 %) coming behind. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014.)

The country suffered from bank crisis in 2008 with the three largest banks collapsing. In the following year the unemployment peaked at 9,4 % but had declined down to 5,6 % in 2012. Currently Iceland is a member of European Economic Area and European Free Trade Association. The European Union is Iceland's most important trade partner followed by Norway and USA. In 2009 there was an accession application to the European Union and the negotiations were opened in 2010. However, the public support dropped because of worries about losing control over fishing resources and the ongoing Eurozone crisis. The negotiations were therefore put on hold in 2013. (Central Intelligence Agency 2014; European Commission 2013.)

2.2 Tourism in Iceland

Iceland is called the land of ice and fire. This is also reflected on the Icelandic flag where the red colour represents the volcanic fires, the white stands for snow and ice and the blue for the ocean. The tourism is promoted by Icelandic Tourist Board and Icelandair. The share of tourism in Iceland's GDP has been between 4,4 % and 6,0 % since 2000. (Boniface & Cooper 2009, 227; Central Intelligence Agency 2014; Óladóttir 2013, 2.)

Óladóttir (2013, 3 - 7) states in a publication of the Icelandic Tourist Board that in 2012 the number of international visitor to Iceland was approximately 673 000. The increase from 2011 was 18,9 %. Since the year 2000 the annual increase has been 7,3 % and so it can be presumed that the number of visitors could rise to one million by 2020. Considering the traffic through Keflavik airport in 2012, the most passengers were from USA, UK and Germany. By market area the largest was central / South-Europe and the second largest were the Nordic Countries.

The number of visitors in Iceland seems to vary with the seasons. Considering the past three years it can be pointed out that the peak season is the summer from June to August. The second busiest season is the winter from November to March. In the autumn

and spring there are fewer visitors. In 2012 the majority of visitors entering through Keflavik airport came during the summer months (46,6 %). During winter came 23,5 %, in the autumn 17,0 % and only 12,8 % came in the spring. (Óladóttir 2013, 5.) Therefore, as also Boniface and Cooper (2009, 227) noted, the tourist season in Iceland is short.

Iceland is accessible only through air and sea. The main airport is Keflavik International Airport, which serves as a stopover on transatlantic flights. In 2012 the majority of visitors (96,2 %) arrived through Keflavik airport. The rest came through seaports and other airports. The domestic air network is wide with 96 airports, but the majority of them has unpaved and short runways. Arriving by sea is much less convenient but possible. There are no railways on the island. Of the 12 890 km of roadways only one third is paved or oiled gravel. Many roads, especially in the central part, are only accessible with a four-wheel-drive vehicle. (Boniface & Cooper 2009, 227–228; Central Intelligence Agency 2014; Karonen, Juola & Karttunen 2010, 44–47; Óladóttir 2013, 4.)

The attractions and tourism of Iceland are focused on the nature. According to Boniface and Cooper (2009) the tourism appeal lies within the unspoilt nature, scenery, ecotourism, adventure tourism, riding tours on the Icelandic horse, bird watching and whale watching, the Viking sagas, architecture and the natural sights. Karonen et al. (2010) agree with this mentioning in their article activities such as puffin watching, horse riding and visiting the glacier Snæfellsjökull, which is famous from *The Journey to the Center of the Earth* by Jules Verne.

Both Insight guides (2002, 153–279) and Rämö (2013, 46–53) list Reykjavik and its nightlife and culture, geothermal pools such as Blue Lagoon and the natural sights like glaciers and the glacial lagoon of Jökulsárlón, the volcanically active area of lake Mývatn as interesting places to visit. In addition Insight guides tells about the national park of Þingvellir, waterfall Gullfoss, the Great Geysir and the Viking longhouse of Stöng. Rämö on the other hand praises the red sand beach of Rauðisandur and the cultural experiences of Iceland Airwaves festival, Draugasetrið ghost museum and the original saga manuscripts in Þjóðmenningarhúsið.

2.3 Accommodation in South Iceland

The official statistics of Iceland include data about the available accommodation in Iceland. It can be seen that the accommodation types are divided generally into hotels and guesthouses and other accommodation types. Other accommodation types are divided into youth hostels, holiday centres, lodges in the wilderness, sleeping bag accommodation, private-home accommodation and camping sites. The newest publication accounts for the year 2012. (Statistics Iceland 2014a; Statistics Iceland 2014b.)

According to the publication in 2012 the total number of overnight stays in Iceland was around 3,7 million. The overnight stays of foreign visitors were near to 2,9 million and the nights spent by Icelanders were around 850 000. The total increase was 15,1 % to the past year. The stays of the foreign visitors increased 18,2 % while the stays of Icelanders decreased by 5,6 %. All in all the number of overnight stays increased in all types of accommodation establishments except for sleeping bag facilities and lodges in the wilderness. (Statistics Iceland 2013a, 11–13.)

The total number of accommodation establishments in 2012 was 872. The number of the establishments in South Iceland was 193 having approximately 634 000 of the total overnight stays. The stays of the foreigners were around 444 000 while the stays of Icelanders were around 190 000. The South had most overnight stays compared to the other regions. (Statistics Iceland 2013a, 12.)

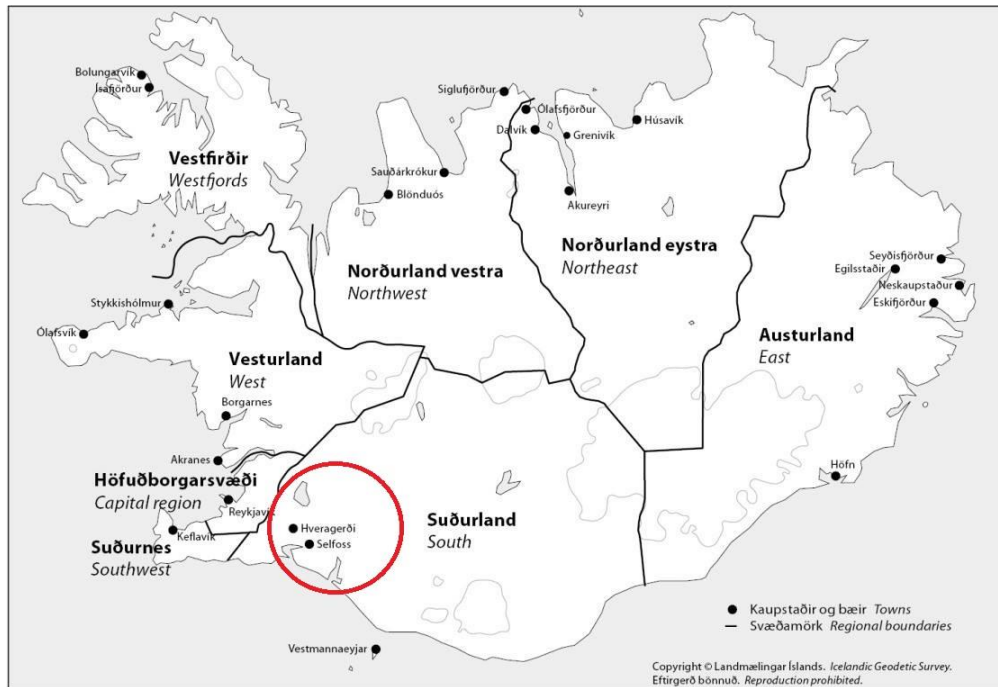


Figure 1. Iceland (Statistics Iceland 2013a, 11).

South Iceland in the statistics (figure 1) is a large area from eastern borders of Reykjavik to Vatnajökull national park and from the south coast to the middle of the island.

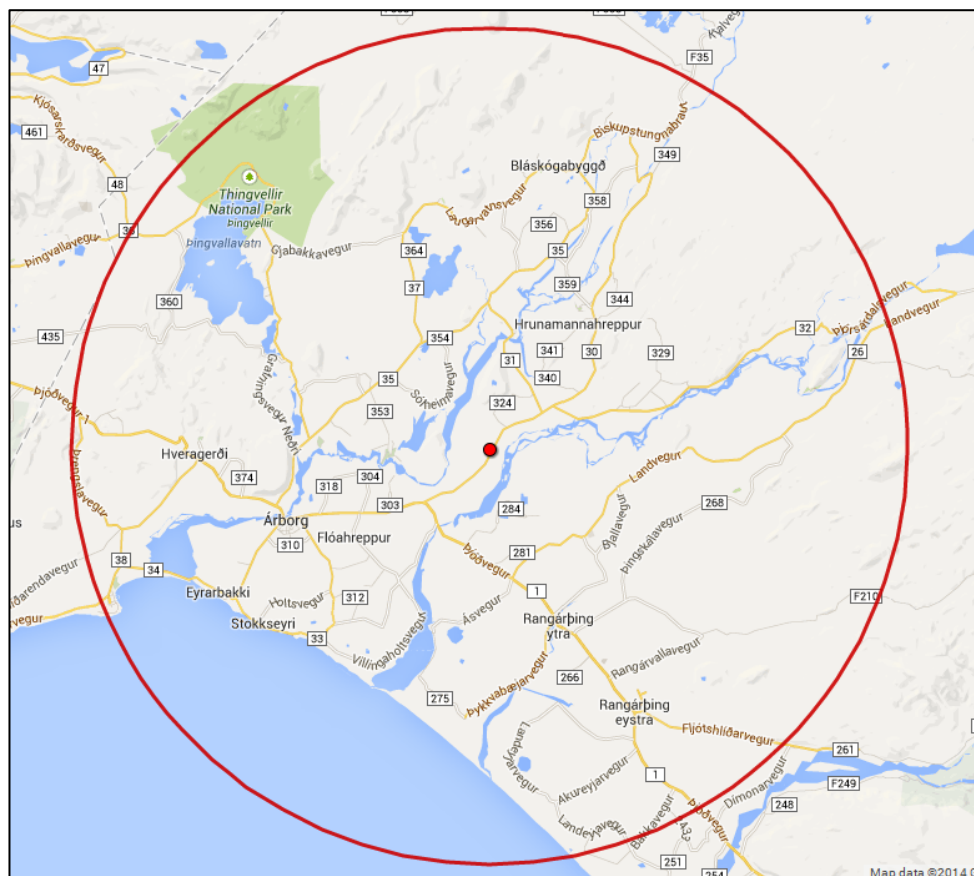


Figure 2. South Iceland in this report. (GPS Visualizer 2014).

The area to be researched is inside this area, but covers only a small part of it. The area is a circle with 45 km radius around Hotel Hekla. The coordinates used are 64.0044911597458 for latitude and -20.5521583557129 for longitude (Hotel Hekla 2014a). As can be seen from figure 2, the area includes the following towns and villages: Hveragerði, Selfoss, Hella, Hvolsvollur, Flúðir, Laugarvatn, Stokkseyri, Eyrarbakki, Þorlákshöfn, Laugarás, Reykholt and Árnes. Also the attractions of Gullfoss, Geysir and Þingvellir are inside the circle.

2.4 Hotel Hekla

Hotel Hekla is a country hotel located in South Iceland close to Mount Hekla. It is close to some of the most beautiful and famous sights of Iceland. It is a three-star hotel and has been awarded with a TripAdvisor Certificate of Excellence in 2013. The mission of the hotel is to provide guests with good quality sleep, excellent service and first class dining. (Adils 2014; Hotel Hekla 2014b; Hotel Hekla 2014c; TripAdvisor 2014.)

There are 45 rooms in the hotel. The room types are single, double, twin, deluxe and family rooms. All of the rooms are fully equipped with free wi-fi internet, hair dryer and satellite television. Most of the rooms have a private bathroom and shower. Additionally there is a tea and coffee set in each room or in the hallway. (Hotel Hekla 2014d.)

The services of the hotel include a restaurant, meeting facilities, a lounge and a bathing area. The restaurant was refurbished in 2013 and it serves first class, fresh and organic food for up to 110 people. There are three fully equipped meeting rooms. The main conference room has space for up to 60 people and the other two for up to 15 and 80 people. All the meeting rooms have free wi-fi. The lounge area includes a fire place and a bar. The personnel of the hotel also take in requests and for example weddings can be arranged in the hotel. (Adils 2014; Hotel Hekla 2014c; Hotel Hekla 2014e; Hotel Hekla 2014f.)

Approximately 90 % of the guests are foreigners. Mainly these are groups coming through a travel agency. An average guest stays for 1,2 nights and is from Central or Western Europe. Icelanders account 10 % of the guests. Their main reasons for staying in the hotel are romantic getaways, meetings and annual parties. Therefore the main customers at the moment are travel agencies. (Adils 2014.)

In the future the hotel is planning to increase the amount of stays. This includes that the average stay should rise up to two nights per guest. The amount of foreigners should be 80 % and the number of Icelanders 20 %. The focus is on the Scandinavia, United Kingdom and the United States of America. The hotel is also planning to increase the amount of meetings by Icelandic companies. For the construction the future plans include 23 new rooms, renovating old rooms, renewal of the bar area, enlargement of the meeting room, landscaping and adding pathways to the garden. (Adils 2014.)

3 Competition

This chapter focuses on competition. Competitors of a company, competitive advantage, competitive intelligence, competitive environment, analysing techniques and different competitive analysis types are presented. Additionally search engine visibility is considered, since it affects the competitiveness of a company.

Competition in the market is about achieving a sustainable winning performance. This means that a company should be consistently beating the others who have the same or similar goals. Business competition comes in many different forms and there exist various competitors. Therefore a company needs to make important decisions so that it could have more success than the competitors or, in other words, have competitive advantage. In order to make this kind of successful strategy it is essential to perform business and competitive analysis. There exist several techniques for this and the scope of the analysis determines how it will be performed. (Barney 2007, 15–17, 53; Fleisher & Bensoussan 2007, 1–22.)

3.1 Competitors

Competitors of a company, according to Oman, are the different options considered by customers. They can be divided into two categories. Direct competitors offer similar products and services. Indirect competitors, on the other hand, sell slightly different products and services but still have the same group of customers with the same need to satisfy. The indirect competitors can also be called substitutes. Identifying indirect competitors starts from the customer. Considering what the customer could use to satisfy the same need as with the company's product helps to see what the indirect competitors are. (Oman 2011.)

Kamensky, on the other hand, divides competitors into four categories. These are core competitors, marginal competitors, substitutes and potential competitors. The core competitors and the marginal competitors have similar products and services, but the marginal competitors have less effect on the competition. The substitutes have different products and services, but they satisfy the same needs. The potential competitor, in

contrast, could potentially enter the market either with similar or different products. (Kamensky 2000, 135–136, 310–312.)

Hooley, Piercy and Nicoulaud share two great sayings about competition in Marketing strategy and competitive positioning. The first one is originally by Ovid (The art of love AD8): “a horse never runs so fast as when he has other horses to catch up and outpace”. The second saying is from Chinese general Sun Tzu, found in Clavell (1981):

If you know your enemy as you know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory you gain you will suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle. (Sun Tzu in Hooley et al. from Clavell, 1981.)

Even though both things were first said long time ago, they are still quite true when it comes to the world of competition. (Hooley, Piercy & Nicoulaud 2008, 115.)

Knowing the strengths, weaknesses and likely actions of the competitors is essential when planning a strategy for the company. Hooley et al. go so far as to point out that since competitive advantage is always in relation to the competition it is impossible to know even one's own company properly without knowing the competition. (Hooley et al. 2008, 116.) Still, as Porter points out, some competitors are beneficial to the industry and are therefore classified as good competitors. Good competitors can for example increase industry demand and deter entry from new entrants without presenting too severe a threat. A good competitor also knows the rules of competition and plays by them, has a clear weakness and recognises it, knows how to set prices according to costs and has goals that can be reconciled with the goals of the company. (Porter 2004a, 207–214.) Just like running horses, competitors can also make a company perform better.

Considering the hotel industry in South Iceland the direct competitors are other hotels, guesthouses, hostels and companies having many well located cottages to offer. These direct competitors are companies that offer accommodation in a rather similar concept as Hotel Hekla. Other hotels are core competitors while guesthouses, hostels and cot-

tages are marginal competitors. Indirect competitors on the other hand include camping sites, private home accommodation, couch surfing and singular lodges in the wilderness. These are all substitutes because they satisfy the need of accommodation but have quite different concept. Potential competitors comprise of companies planning to extend their operation into accommodation business.

3.2 Competitive advantage

According to Porter “competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm’s cost of creating it.” Value can be measured by how much buyers are prepared to pay. Superior value, on the other hand, results from offering same products and benefits as the competitor but for lower price or unique products and benefits that more than match a higher price. Therefore there can be separated two basic types of competitive advantage; one based on cost leadership and the other on differentiation. (Hooley et al. 2008, 48–49; Porter 2004a, 3.)

Cost advantage is the first type of competitive advantage. Many strategies aim to reach cost leadership or cost reduction. However, according to Porter, the true behaviour of cost is often misunderstood and the effect some activities have on the cost of other activities failed to be seen. The second way to gain competitive advantage is through differentiation. It means being unique at something that buyers value. Also differentiation is sometimes misunderstood as companies tend to see the concept too narrowly only regarding the physical products or marketing practices when it can, in fact, rise from anywhere in the value chain. (Porter 2004a, 62, 119.)

The four ways to gain competitive advantage presented on the Business case studies web page go side by side with the ideas of Porter. Firstly they talk about cost advantage as in offering lower prices than competitors and secondly about differentiation, having clearly superior products at above average prices. However, as also Porter noted that differentiation does not only apply to the physical product, thirdly also fast delivery and fourthly superior customer service not only during the sales service but also after it are pointed out as ways to reach competitive advantage. (Business case studies 2014.)

Enz (2011) writes about competitive advantage of hotels, or how it is possible to determine whether a hotel has it or not. According to her “a competitive advantage exists when a hotel has a significant edge over the competition”. She focuses mostly on competitive advantage through differentiation stating that competitive advantage tends to be something the competitors do not have or cannot do.

The competitive advantage can be reached through developing resources and capabilities. However, not every resource can be a competitive advantage. First of all, it needs to have value in the market. It must be unique – something only one or few possess – and difficult to transfer, meaning that it is not for sale, for if many hotels hold the resource or capability there is competitive parity and no-one has advantage. It is also important that there are no substitutes and that imitating is impossible or too difficult or costly to be useful for the competitors. Additionally the organization must be aware of the advantage they hold and have system to take advantage of their resource or capability. (Enz 2011.)

Independent boutique hotels can have different kind of factors as their competitive advantage. Service is one way to gain competitive advantage as independent hotels can constantly work to improve their service based on feedback. Regarding this advantage, whenever changes are made, especially based on customer feedback, it is important to communicate them through online and social media presence. Also flexibility can be a competitive advantage for small hotels. A unique property with astonishing design and upscale services and amenities has a potential to become a competitive advantage as does staff which has been highly trained in customer service. Lastly, a technology-driven marketing program can be a competitive advantage if the booking technology is great and online reviews are managed well. (Kiradjian 2012.)

For luxury hotels competitive advantage is essential and innovations serve them well in this matter. The 24 hour check-in and check-out was first introduced by Peninsula Hotels, but the idea has now been adopted by many other hotels as well. Campbell Gray Hotels offers pure bio toiletries and Kimpton and Mandarin Oriental have organic menu options on offer in minibars. ME by MELIA and Armani Hotel Dubai have life-

style managers or aura managers in their staff. They each take care of designated guests providing concierge, guest relations and even front office services during their guests' stay. Rocco Forte hotel Le Richemond in Geneva has introduced the first watch butler to give their guests access to the expertise of a watch connoisseur who is also the head of a watch boutique. Finally Trump Soho New York hotel offers luxury wardrobe storage and management service for frequent guests so that they can keep their clothing and personal items there and do not need to travel with luggage on each visit. (Petcu 2010.)

However, innovations are not the only source of competitive advantage for hotels and hotel chains. Hilton's competitive advantage is their system which combines the power of scale, access, reputation and innovation to keep costs down and quality high and to provide access to forward-thinking strategies, tools and technologies as well as influential people in the industry (Hilton Worldwide 2012). Marriott on the other hand believes to have competitive advantage in diverse and inclusive environment which strengthens the company's culture (Marriott International 2014). Trained, competent and confident employees are the competitive advantage of Four Seasons hotels and long-established presence, local teams and strong relationships the advantage of Starwood hotels, which include for example Le Méridien and Sheraton (Four Seasons 2014; Starwood Hotels and Resorts 2013).

3.3 Competitive intelligence

The process by which companies gather information about their competitive environment and use it to decision-making in order to improve their performance is called competitive intelligence. The broader approach is called business intelligence while the narrower version is competitor analysis. Competitive intelligence can be viewed as a progression from raw inputs to finished outputs. This means that in the beginning there is raw basic data which becomes information after it has been organized. This information becomes intelligence when it has been placed into a useful format for the decision-making. (Fleisher & Bensoussan 2007, 6–7.)

Before a company can start to conduct an intelligence process it has to determine who the competitors are and what the competitive environment is. The intelligence process itself inquires a lot of data and usually can't be carried out in one massive effort. This means that it will take a period of time to get a comprehensive picture of the competitor's situation. Therefore an organized mechanism, some sort of competitor intelligence system, is a useful tool for a company if it wants to be effective and practice systematic competitive intelligence. (Pirttilä 2000, 15–17; Porter 2004b, 71–72.)

The intelligence cycle in a company includes various steps. The first step is a plan development where the needs and requirements are determined. It is important to define what kind of information from the competitors is needed for the decision-making of the company. During the second step the data is collected and processed. This includes the consideration on how the information is gathered effectively and which sources are used as well as which information is relevant for the company. This step also comprises the initial classification of the collected data and data reduction. (Fleisher & Bensoussan 2007, 7–8; Pirttilä 2000, 18–19.)

The analysis is the third step. It works interactively with the sub-processes of data classification and can be seen as that part of the intelligence process in which the greatest value is generated. It includes sub tasks that need to be conducted and involves the application of different techniques. The aim is to produce a finished product such as table, chart or summary. During the analysis step it is important to consider which of the gathered information is reliable and what can be inferred from it. After that it is possible to draw conclusions and reflect how the company will be affected. (Fleisher and Bensoussan 2007, 7–8; Pirttilä 2000, 18–19.)

The fourth step focuses on the dissemination of intelligence meaning that the generated insights are presented or provided to the commissioner or the customer. The last step considers evaluation and control and involves the gathering of feedback and the assessment whether the needs were satisfied. If the process failed to satisfy the needs it can be restarted. It is also considered whether the needs of information have changed

or should they be redefined after the received insights. (Fleisher & Bensoussan 2007, 7–8; Pirttilä 2000, 18–19.)

This research concentrates on the narrower version of competitive intelligence which is the competitor analysis. The first step where the needs and requirements are defined is done by the commissioner. Therefore the focus of this research is on the second and third step where the data is collected and analysed as well as the conclusions and development ideas are generated. The technique for analysis is described later on this chapter. During the fourth step all the insights are presented to the commissioner as a part of this report. The last step including the evaluation and control is also considered meaning that the feedback is received and it is discussed whether the determined needs were satisfied. The further actions such as the continuation, applications or re-starting of the process are then done by the commissioner.

3.4 Competitive environment

The environment of a company is broad and can be defined to consist of three levels. These are the internal environment, operating environment and general environment. The internal environment consists of the forces that derive from the company itself and operate inside of it. The operational environment refers to the industry the company is operating in and the general environment includes forces that operate outside the industry. However there exist different opinions on which forces actually are significant when analysing the company's environment and the approaches which are used in the analysis differ depending on the perspective of the company. (Porter 2004b, 3, Fleisher & Bensoussan 2007, 87–91.)

According to Porter (2004b, 3–4) the key aspect is to concentrate on the industry in which the company is operating and the forces outside the industry are significant primarily in a relative sense. Fleisher & Bensoussan (2007, 87–88) on the other hand highlight the importance of the forces outside the industry in order to get a broader picture of the competitive environment. Porter's Five Forces model is a widely known tool for industry analysis and STEEP/PEST is generally used tool in macro-environmental analysis. (Barney 2007, 57; Fleisher & Bensoussan 2007, 87–88). In this research the

approach is narrower and concentrates on industry analysis using the five forces model instead of broader PEST analysis.

3.4.1 Porter's five forces

The industry attractiveness has a great impact on a company's profitability. The attractiveness can be estimated by making an analysis of the five competitive forces. The five forces Porter names are existing industry competitors, threat of potential entrants, threat of substitutes, bargaining power of buyers and bargaining power of suppliers. The industry profitability is shaped by the effect these forces have on prices, costs and required investments. (Hooley et al. 2008, 73–77; Porter 2004a, 4–5.)

The most important source of rivalry is the existing competition. It is most intense when the competitors are all rather even when it comes to size, market only grows slowly, exiting a market is difficult, product differentiation is low and fixed costs are high. Also the emerging entrants are to be taken into account when analysing the competition. The possibility of new entrants is high when costs of entry are low, there are distribution channels to use, there is little chance of competitive retaliation by the existing incumbents, products on offer are quite similar to each other and there are gaps in the market. (Hooley et al. 2008, 73–75.)

The threat of substitutes is largely attached to the development of technology. New technological and procedural substitutions can escalate competitiveness either by making existing technologies pointless or by increasing product improvement. The competition for suppliers and customers, on the other hand, is intense if these two groups have greater power than the members of the industry. Suppliers often have a lot of bargaining power if there is not much competition within the supplier industry, the quantities bought are relatively small, costs of switching suppliers are high and suppliers' products and offerings are highly differentiated. When the situation is conversed it is buyers who hold the bargaining power. (Hooley et al. 2008, 76–77.)

Considering the hotel industry the existing competition tends to be intense. The industry in general is characterized by high fixed costs that originate from factors such as

construction, furnishing and equipment, salaries of employees, out sourced services and maintenance. Variable costs on the other hand tend to be lower and include for example food and housekeeping supplies, linen, telephone and guest relations. Additionally high room occupancy rates are critical meaning that competition would be very intense in situation in which there exists an oversupply of hotel rooms. (Cheng 2013, 52–56; Setupmyhotel 2014.)

The exit barriers in hotel industry tend to be high especially in big cities. These originate from different strategic and economic factors and once a company has got in the market it is difficult to get out. Additionally the growth of the industry is limited because of the availability of suitable locations. In the other hand the product differentiation in hotel industry can be quite high ranging from budget hotels to deluxe hotels. However it has to be noted that the products may not really be that different although it is possible to convince people to believe in differentiation through advertising. (Cheng 2013, 52–57; Shetty 2008.)

Considering the threat of new entrants the hotel industry is characterized by high entry barriers particularly because of the high capital cost of entry and economies of scale. It is expensive to start a new hotel project and it is not easy to trade with hotels. Factors such as location, management and the quality and experience of staff all have an effect to the success of the new project. Especially suitable locations, access to distribution channels and government policies can be a problem for a new entrant. Reaction from existing competitors is likely quite acute in the industry but varies in different market segments and strategic groups. However it has to be pointed out that in the long run the barriers of entry for new companies can be relatively easy in the industry. (Cheng 2013, 52–53; Shetty 2008.)

In accommodation industry it varies who holds most bargaining power. According to Cheng (2013, 3) suppliers do not hold significant bargaining power over hotels compared to many other industries. He also believes that “the only supplier which might exercise power over any company would be labour and experienced trained personnel” as he claims it to be in great demand all over the world.

When it comes to the bargaining power of buyers it is groups like tour operators, convention organizers and airlines who hold power as a result of buying large quantities of hotel rooms. For example tour operators might also have low profit margins which make them very sensitive to the price. For business travellers and some categories of leisure travellers differentiation is important and it can reduce their price sensibility. Still, those buying accommodation for business purposes in large scale tend to compare prices for special rates. (Cheng 2013, 3–4.)

3.4.2 SWOT

SWOT analysis is a tool that helps a company to assess its inner strengths and weaknesses and outer opportunities and threats. It can be used at company level but sometimes choosing product or product-line level is more suitable. An environmental analysis like PESTEL analysis is often done before SWOT analysis and therefore taking information from it and dividing it into internal and external issues is the usual way of preparing a SWOT analysis. Making a SWOT analysis helps the company see what there is to develop and what they could use to assist in accomplishing the objectives. (Investopedia 2014; Mind Tools 2014.)

SWOT analysis can be used either as a starter for real strategy devising or as a serious strategy tool. If choosing to use it as a latter, it is important to fill the analysis carefully with many precise and verifiable statements. The information in the SWOT matrix is always measured in relation to the competition. The analysis can also be done emphasizing the external factors instead of internal. In such case it can be called TOWS analysis. (Investopedia 2014; Mind Tools 2014.)

In this thesis SWOT analysis is used to find out the position of Hotel Hekla compared to the competition. The opportunities and threats as well as strengths and weaknesses are gathered from the competitor survey results. The SWOT analysis is done on company level for the existing competitive situation.

3.5 Competitive analyses

As stated in the industry analysis competitors are one of the main components of the operating environment. Therefore it is essential to understand these competitors in order to develop an effective strategy. There exist various types of competitive analyses with different points of view. According to one classification the most important types are basic competitor surveys, competitor business system analyses, cost structure analyses, industry's competitive strength analyses, competitor strategy analyses and synthetic analyses. (Fleisher & Bensoussan 2007, 90–91; Kamensky 2000, 134–135.)

In a basic competitor survey the competitors are divided into core competitors, marginal competitors, substitute competitors and potential competitors. After that the analysis focuses on the basic information about competitors. This information can include for example the volume of the competitors, profitability, market share, why customers buy from these competitors and what there is to learn from them. (Kamensky 2000, 136.)

After the basic competitor survey it is possible to concentrate into other analyses. The competitor business system analysis focuses on the business systems of the most important competitors. Cost structure analysis on the other hand deals with the different cost drivers. In industry's competitive strength analysis each of the four competitor groups is analysed separately referring to their competitive strength. After that it has also to be analysed how they affect together to the competitive strength of the industry. Competitor strategy analysis is a useful tool in investigating the dynamics of the competition. According to its name it focuses on the competitors' strategies and can include factors such as competitor's current strategy, assumptions, capabilities and goals. (Kamensky 2000, 136–142; Porter 2004b, 48–49.)

The term competition is complex and that is why the big picture of the various competitive analyses can end up being quite shattered. The different synthetic analyses help to aggregate the information to a form that it is easier to use in a way towards the competitive strategies. These kinds of analyses are for example differentiation/cost-

effectiveness matrix, key success factor analysis and competitor SWOT analysis. (Kamensky 2000, 142–143.)

In this work the approach is to conduct a basic competitor survey and gather basic information about the companies operating in the area. The establishments to be investigated are chosen basing on the limitations made by the commissioner. Additionally the information gathered from these competitors is based on the needs of the commissioner. Based on this survey Hotel Hekla can conduct more comprehensive competitive analyses in the future.

3.6 Search engine visibility

Search marketing is the process of gaining traffic and visibility from search engines like Google, MSN and Yahoo using both paid and unpaid actions and tactics. For example on a Yahoo search results page there are both paid ads and organic results as seen in figure 3. There are two important abbreviations related to search marketing. The first one, SEM, comes from words search engine marketing and the second one, SEO, from search engine optimization. (Google 2014; Poutiainen 2007, 20; Third Door Media 2014a.)

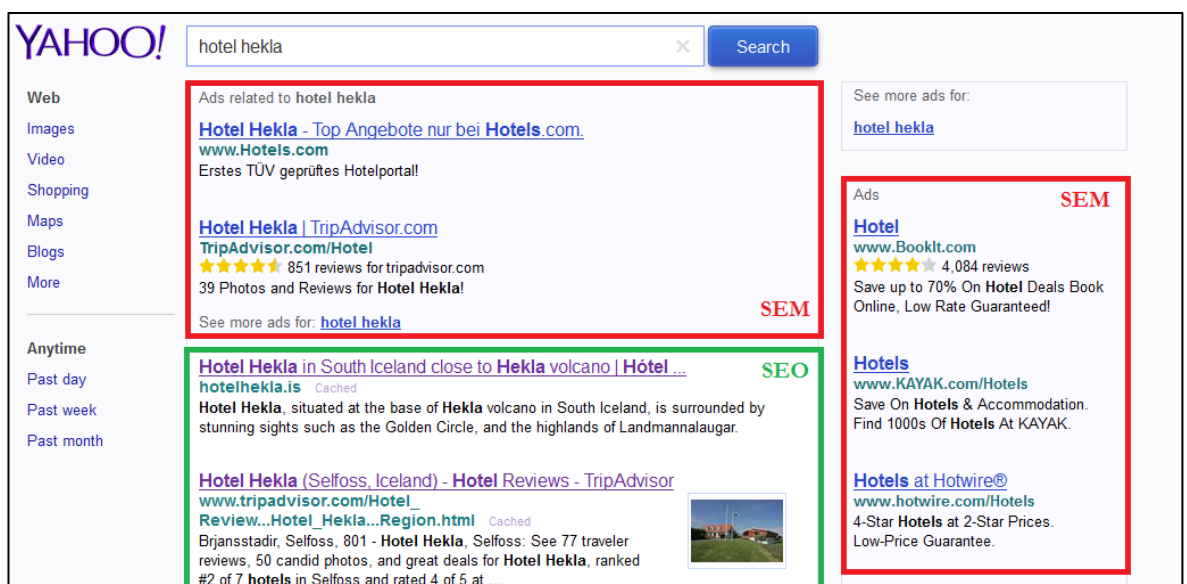


Figure 3. SEO and SEM (Yahoo 2014).

Search engine marketing, SEM, means “buying traffic through paid search listings”. To do search engine marketing is to buy ads on search engines. The ads can be text, banners or videos, but only text ads are shown in Google. However, Google takes care that other forms of advertising are published in other sites. According to Google (2014) advertising has no effect on advertising site’s rank in search results. However, it does increase site’s visibility remarkably since for example in Google these paid ads tend to appear in the beginning of the results or on the right side of the page. Ads are usually sold on cost-per-click (CPC) or pay-per-click (PPC) basis and therefore SEM is sometimes called CPC or PPC. (Poutiainen 2007, 46; Third Door Media 2014a; Third Door Media 2014b.)

Search engine optimizing, SEO, in turn means “earning traffic through unpaid or free listings”. It is a rather complicated process of getting traffic from free listings on search engines. Search engines give results such as web pages, videos and other contents always in a certain order based on how relevant the search engine considers them. To determine the relevance they have a complex algorithm. (Poutiainen 2007, 150; Third Door Media 2014a; Third Door Media 2014c.)

The algorithm ranking the pages and other contents takes into account many things. Words in the page are obviously important and if for example word “hotel” is mentioned on the page it gets points for searches including that same word. Also titles and words used in them matter. Links leading to the page from other pages give credibility, as do the words in those links. Reputation is the final thing affecting the ranking of a page. It is estimated by seeing if a page has fresh, engaging contents and from the growing amount of links towards the page. (Poutiainen 2007, 152; Third Door Media 2014c.)

4 Research process

In this chapter the research process of this basic competitor survey is explained. Also the research methods and data collection methods, observation and content analysis, are presented. In addition the validity and reliability of the research are analysed.

4.1 Phases of the research

The phases of this research process are portrayed in figure 4.



Figure 4. Phases of this research.

This research follows the intelligence cycle beginning from the definition of needs and requirements. This was done by the commissioner. The actual research process started with an exploration to tourism in Iceland and the theory of competition. After familiarizing with various sources the key concepts of the research were defined and appropriate research methods were chosen.

The second step of the intelligence cycle, including the data collection and procession, followed after the theoretical framework. The data was collected with a structured observation form (attachment 1) from the existing secondary sources. After completing the observation form the data was analysed utilizing Webropol, an online survey and analysis software. The resulting tables and figures were interpreted and finally conclusions were made.

4.2 Research methods

The aim of a quantitative research tends to be to isolate causes and effects, to measure and quantify phenomena, to create generalizations and to formulate general laws. The focus is on facts and reasons and emphasis on testing and verifying known theories

and hypothesis using controlled measurement. Therefore also the terms used are defined carefully. In addition the conditions in which the investigation is conducted are often controlled if possible to ensure the validity of causal relations under investigation. (Flick 2006, 12–13; Ghauri & Grønhaug 2005, 110; Hirsjärvi, Remes & Sajavaara 2009, 140.)

The individuals in the sample group are chosen randomly to represent the entire population. The research problem is approached logically, objectively and critically and the results are analysed and handled from an outside point of view. The processes and procedures are planned and refined carefully so that the investigation is conducted with as much objectivity and as little chance of the researcher affecting the results as possible. The results are often analysed and presented in a statistical form and particular and analytical results are considered important. (Flick 2006, 12–13; Ghauri & Grønhaug 2005, 110; Hirsjärvi et al. 2009, 140.)

The goal of a qualitative research is to make new and unexpected discoveries, not to test already known theories and hypothesis. To really understand the object of the investigation the material obtained is studied carefully. Each case is regarded unique and treated as such. No generalizations are made from the study of one case. Because comprehensive information is pursued with qualitative research methods a human being is considered an important tool to gather and interpret information correctly, insightfully and rationally. (Flick 2006, 15; Ghauri & Grønhaug 2005, 110; Hirsjärvi et al. 2009, 164.)

Qualitative methods are open towards the subject of the investigation and the topic and goal of the investigation determine which method is chosen. The individuals in the research target group are not selected randomly but based on some feature or factor. Practices and interactions of everyday life act as the fields of study. Qualitative research methods tend to be quite flexible and the process is highly valued. Therefore research plans can be changed during the investigation process if needed. (Flick 2006, 15; Ghauri & Grønhaug 2005, 110; Hirsjärvi et al. 2009, 164.)

Qualitative and quantitative research methods refer to the approach on which way the data collection is conducted and the data is analysed. The purpose is to obtain information and the type of the answers wanted will decide the type of method. The techniques of data collection on the other hand mean a step-by-step process that is followed to gather the data and analyse it. It depends on the research problem and its purpose which methods are most suitable for the conducted research. It is also important to note that qualitative and quantitative methods are not exclusive and therefore various data collection techniques and analysis procedures can be used together. (Ghauri & Grønhaug 2005, 108–109; Saunders, Lewis & Thornhill 2009, 151.)

The term for using both quantitative and qualitative techniques and procedures in a research is called a mixed method approach. The two types of this approach are mixed method research and mixed model research. In mixed method research the quantitative and qualitative data collection techniques and analysis procedures are not combined meaning that quantitative data is analysed quantitatively and qualitative data is analysed qualitatively. They can however be used at the same time or after one another. The mixed model research on the other hand blends the quantitative and qualitative data collection techniques and analysing procedures. In practise this means that it is possible for example to quantitise the qualitative data in a way that it is converted into numerical codes and then analysed statistically. (Saunders et al. 2009, 152–153.)

Both qualitative and quantitative approaches are used in this research because the data available in the websites is in both numeric and non-numeric form. This means that the research uses mixed method approach. For example the written comments of the guests and special facilities of the establishments are approached and analysed qualitatively. On the contrary, factors such as pricing and numeric reviews are approached and analysed quantitatively. In addition the quality of the websites of the establishments is an example of qualitative data which is analysed quantitatively. Therefore both mixed method research and mixed model research are applied.

4.3 Data collection

The methods for collecting data are not entirely quantitative or qualitative but certain methods tend to be used with certain approaches. Typical methods used in quantitative research are survey and experiment while qualitative research uses group discussions, historical review and case studies. The data collection techniques on the other hand can be only quantitative or qualitative. (Ghauri & Grønhaug 2005, 112–113.)

Secondary research which is sometimes also called desk research utilizes already existing information. This information can be obtained from different kinds of sources in internet, from existing research results, stock lists and customer databases and from agencies like for example libraries and local councils. Because often someone has already started to interpret the data, analysing secondary data tends to be faster than analysing primary data. However, acquiring all the data needed can sometimes prove challenging. It is also important to be critical about the information available. After all, it has been collected, interpreted and published for a reason possibly different from the reasons it is needed for or it might be quite old. (Queensland Government 2014.)

4.3.1 Observation

Observation is a method that is generally linked with the collection of primary data but it is important to note that it can also be used to collect existing secondary data. Therefore observation can be used to gather information from many sources such as people, events, occasions, objects, pictures and texts. It can be viewed as systematic process that records, describes, analyses and interpreters the behaviour of the target. The observation can be conducted by human observer or mechanically and it can happen in a natural setting or in a laboratory. There is also difference in whether the observer is participative or not. As a method observation is suitable for both qualitative and quantitative research. (Ghauri & Grønhaug 2005, 102, 120–122; Saunders et al. 2009, 288; Vilkkä 2006, 21–22, 37–38.)

Participant observation is qualitative technique in which the researcher participates to the situation that is studied and aims to find out the meanings behind the behaviour.

Quantitative research on the other hand uses the technique of structured observation that concentrates on the frequency of actions. It is more systematic than the informal participant observation and requires the careful planning of noting technique, check-lists, classification and measurement scales. Considering data analysis of structured observation a manual analysis may be sufficient in some cases. However computer software is needed if the level of analysis is more complex and there is for example a need to calculate cross-classifications. (Saunders et al. 2009, 288–310; Vilkkä 2006, 38–39.)

Since all the necessary information was available in secondary sources, it was decided to use the secondary research for this competitor analysis. However, this limited the number of different techniques to gather information. Eventually it was noticed that a structured observation form was the most appropriate data collection technique for this research.

4.3.2 Content analysis

Content analysis is a useful method to analyse the qualitative data of secondary sources. In addition to analyse qualitative aspects it can also be used in quantitative research. Content analysis concentrates on existing documents and it can be defined to involve the analysing of meanings and relationships of certain words and concepts and the making of inferences about the messages. (Altınay & Paraskevas 2008, 127–128; Berg 2001, 241.)

In qualitative content analysis the technique is to verbally describe the content of the text. The quantitative technique on the other hand describes numerically the content, for example counting the incidence of words. When using quantitative approach the text needs to be coded and after that it is possible to use statistical methods. It is also possible to use the quantitative and qualitative approaches together in a way that the verbally described content is transformed into numerical results. Therefore it can also be said that content analysis is a quantitative method of analysing the content of qualitative data. (Myers 2009, 172; Saaranen-Kauppinen & Puusniekka 2006a.)

All the information needed for this research could not be gathered through observation alone and therefore content analysis was utilized to support the data collection process. It was considered an effective way of analysing existing qualitative data. In practice content analysis was applied for example to collect the essential information from the written comments of the guests.

4.4 Validity and reliability

The term validity means the extent to which the chosen data collection method accurately measures what it is intended to measure. Secondly it refers to the extent to which research findings are really about what they profess to be about. In practise validity considers whether the research is adequate, profoundly done and are the findings and conclusion true. It can be seen to refer to the way how the theoretical concepts are linked with the measurement used in research. (Altinay & Paraskevas 2008, 130; Saaranen-Kauppinen & Puusniekka 2006b; Vilkkä 2007, 150.)

There exist different types of validity. Internal validity focuses on causal relationships between variables and refers to the extent to which the findings of the research can be attributed to interventions rather than any flaws in research design. External validity refers to the extent to which the findings can be generalized to relevant contexts such as other populations or periods. There also exist several threats to validity such as history, test effect, maturation, mortality and flaws of the researcher. (Ghauri & Grønhaug 2005, 65–66, 83–86; Saaranen-Kauppinen & Puusniekka 2006b; Saunders et al. 2009, 157, 592–593.)

Considering the validity it also matters which type of data is used. In the case of secondary data the validity as well as the reliability are functions of the method by which the data has been collected and the source that has been used. It is important to ensure that the sources have overall suitability for the research questions and objectives and therefore measurement validity and coverage of the data are in a significant role. Considering competitive intelligence there exist different opinions on which kind of data is more suitable. (Dabrowska 2011, 3–4; Saunders et al. 2009, 274–280; Walle 2001, 188.)

It is stated that in the case of competitive intelligence the true value lies in primary data rather than in secondary data although the latter might be easier to collect. This is due to the overall comparison of volume, costs and value as well as the quality of published secondary material referring to the fact that only a small fraction of the relevant information will ever be published and the number of trustworthy secondary sources is reduced. It has also been pointed out that the most valuable information can be collected in direct conversation with another person. This method provides the information from which it is possible to assess the motives, intentions, thoughts and plans of the competitors. However it is common for competitive intelligence to use secondary research due to the fact that most of the information needed to make decisions already exists in secondary data. It is indeed a very cost-effective and legal way to gather information about competitors. (Dabrowska 2011, 4; Walle 2001, 188.)

Considering this research the important theoretical aspect is the competitive advantage and how it can be developed. Therefore the method chosen for the research should bring answers to this question. As the approach is to conduct a basic competitor survey and not a more comprehensive analysis of the competitors the created observation form (attachment 1) has validity and the use of the secondary data is suitable for this research. The questions in the form shed light to different areas that can bring competitive advantage and as they are compared to the results of the commissioner it can easily be seen in which areas the hotel has competitive advantage and where it should develop its function.

It has to be noted though that if wanted to conduct a different type of competitor analysis such as to find information about competitors' strategies there should be used different kind of method and data. In this case primary data should be used as it can help to gather information about things such as motives, intentions, thoughts and plans of the future that give a more comprehensive picture about the competitor. However in the case of basic competitor survey there is no need to dig deeper to the competitors this way and therefore also different types of methods and data can be used.

Considering the questions they are mainly formed in a way that the answers are either yes or no and don't include personal opinions. In this sense the research findings are valid because they are straightforward. However questions focusing on the quality of web pages and reviews of the people have a strong effect of the personal opinion and therefore might not be that valid. On the other hand it can be pointed out that when researching the quality both on the web pages and in the reviews the individual opinions also matter at some rate. To get the findings more generalizable there would be the need of larger sample of answerers but even with the small sample the findings can rise up interesting points. However with the small sample the findings can only be seen indicative.

Reliability means that the research can be repeated with similar results. The results can be proven reliable for example if two researchers receive the same results, if a person or phenomenon is studied repeatedly always with similar results or if the same results are obtained using different instruments. For the sake of reliability it is also important to be clear about what parts of the text come from the results of the study and what parts are researcher's interpretation, different observer's notes should be comparable and the research process as a whole should be documented. (Flick 2006, 369–370; Hirsjärvi et al. 2009, 231.)

This research is quite reliable as for the most part it could be repeated with the same results. Both researchers used the same observation form they had designed together and therefore understood it the same way. This means that the data collected by them is comparable and in the same form. Guest reviews, amount of rooms and different services available in each property do not change randomly. Obviously rooms can be added, new reviews given and even new accommodation properties opened, but this all is normal development of the accommodation situation. The reviews are the most reliable part of the results as the goal was to present reviews left by customers on two sites and it was these same two sites that were used as source of information for this part of the study. Each new review changes the score of a property, but in most cases there are already so many reviews that the change needs much more reviews than just one to actually show in the overall score.

However, there are some challenges concerning the reliability. The data about facilities, prices and services has been collected from internet and there are no guarantees that the information on accommodation properties' webpages is true and up to date. Some of the pages were also extremely inadequate and lacked necessary information. In such cases other pages such as booking.com, Icelandic farm holidays webpage and the Official tourism information site of Iceland (Visit Iceland) were used and the information on these sites might be old. Many pages also lacked prices and when they had to be taken from booking.com the reliability suffers. Booking.com often has different prices for different days and it gives prices in euros, not in Icelandic krona and therefore the exchange rates will have an effect as well.

The biggest reliability problems relate to the search engine visibility, due to the algorithm updating the list all the time. The researchers noted that even when they typed the same thing in google.com at the same time their search results were in slightly different order. Sometimes they were even shown different amount of advertisements. Still, the search results were close to each other even though not exactly the same. Therefore it was decided to clearly mention that this part of the research results is only indicative.

5 Results

In this chapter the results of the basic competitor survey are presented. The obtained information is first classified and presented according to different themes. Afterwards the information is compared with Hotel Hekla and a SWOT analysis is prepared to find out where Hotel Hekla might have a competitive advantage.

5.1 Type and location of accommodation establishments

According to the research there are 43 accommodation establishments in the area that can be considered competitors of Hotel Hekla according to the definition explained in the introduction. The type of these establishments can be seen in figure 5.

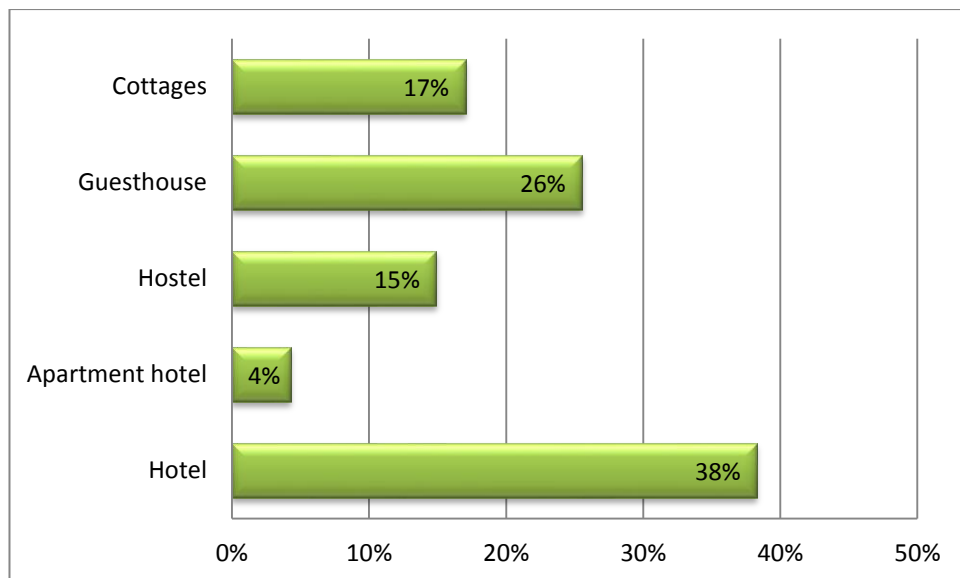


Figure 5. Type of accommodation establishments (N = 43).

As can be seen in figure 5, the most of the establishments in the area are hotels. According to the websites of the establishments 18 classifies themselves as hotels and 2 consider themselves apartment hotels. The second largest group with 12 establishments consists of guesthouses. In this survey also inns and bed and breakfasts are counted into this group. There are eight companies renting cottages and forming the third group. The type with least establishments in the area is hostels. All together there are seven of them. It has to be noted that some establishments offer different types of accommodation and have therefore been counted among several groups.

When it comes to the star classification system it can be noted that the majority of the establishments have chosen not to classify themselves. However, 15 companies have a classification. There is a guesthouse and a hotel with two stars. Eight hotels or apartment hotels and a guesthouse have three stars while only four hotels have four stars. None of the establishments has five stars.

Considering the location of the establishments the majority of them is situated in the area of Selfoss. This is illustrated in figure 6.

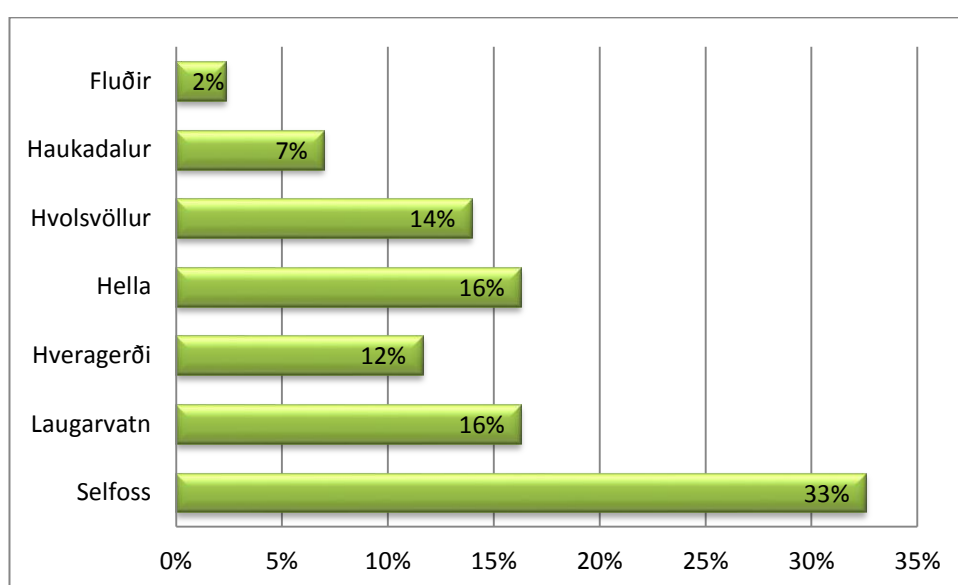


Figure 6. Location of the accommodation establishments (N = 43).

There are 14 establishments located in or around Selfoss. However, it should be taken into account that many establishments are situated in rural areas and in reality do not belong to town of Selfoss. Nevertheless, they have postal codes of Selfoss and have therefore been classified into the group. Laugarvatn and Hella come second both with seven accommodation establishments. Almost as popular are Hvolsvöllur with six and Hveragerði with five establishments. Haukadalur with three and Fluðir with one establishment are the least common areas.

5.2 Capacity and pricing

In table 1 it can be seen that the amount of rooms and capacity of the accommodation establishments varies greatly. In this study one cabin is considered equal to one room. The capacity needs to be considered indicative as some establishments did not have the information available. In these cases the number of rooms has been multiplied by two to estimate the capacity. This was decided based on the fact that in a hotel the majority of the rooms tend to be twin or double rooms.

Table 1. Number of rooms and capacity of the establishments (N = 43).

	Minimum value	Maximum value	Average	Median
Number of rooms	8	120	31,28	22
Capacity	20	240	74,47	57

On average there are 31 rooms in an establishment and the average capacity is 74. The minimum value, eight rooms, belongs to Skálinn hostel in Haukadalur while the maximum value, 120 rooms, goes to Stracta Hotel Hella which is a new hotel opening on May 2014. Also the biggest capacity, 240 bed places, belongs to Stracta Hotel Hella. With 20 bed places Godaland Guesthouse and Geysir Green Guesthouse have the smallest capacity.

Pricing on the internet was divided into summer prices and winter prices and can be seen in table 2. The rates were obtained from the accommodation establishments' website. In cases where the prices were not available, Booking.com was used. The prices have been converted from euro to Icelandic króna and rounded to the nearest hundred. It should be noted that not all the establishments have all the room types.

Table 2. Pricing (N = 43).

	Minimum value	Maximum value	Average	Median
Summer pricing: standard double	10 900	49 000	23 611,63	22 500
Summer pricing: standard single	7 000	42 800	18 881,48	18 500
Summer pricing: bed in a shared dorm	3 400	5 000	4 185,71	4 100
Winter pricing: standard double	7 500	36 700	16 661,54	15 600
Winter pricing: standard single	5 500	32 000	12 932	12 400
Winter pricing: bed in a shared dorm	2 500	5 000	3 700	4 100

The average price of a double room during summer is approximately 23 600 ISK and for a single room it is 18 900 ISK. The cheapest double rooms are in Hostel Úlfjótssvatn and cost 10 900 ISK. The most expensive double rooms on the other hand are in Hotel Rangá and cost 49 000 ISK. Rangá also has the most expensive single rooms while Laugarvatn hostel has the cheapest. A bed in a shared dorm is cheapest in Hostel Úlfjótssvatn and most expensive in Skálinn Hostel.

Considering the winter prices it is Selfoss Hostel with the cheapest double and single rooms as well as dorm beds. Rangá still has the most expensive double and single rooms. The average price for a double room during winter is approximately 16 700 ISK and for a single room 12 900 ISK. The most expensive bed in a shared dorm is again in Skálinn Hostel. The difference between average rates of double rooms in summer and winter is approximately 6 950 ISK and of single rooms 5 950 ISK.

5.3 Facilities

The facilities were investigated in the hotel level as well as in the room level. The facilities in the establishment level are presented in table 3 and facilities in a standard room in table 6. In addition it was investigated whether the facilities in a room were included in the price or not.

Table 3. Facilities in the establishments (N = 43).

	Yes	No
Restaurant	32	11
Lounge, bar	27	16
Hot tub, pool, sauna or steam bath	30	13
Meeting facilities	27	16
Wi-Fi	41	2
Free Wi-Fi	40	3
24/7 reception	18	25
Accessible rooms	20	23

The most common facility in accommodation establishments is WI-FI (public areas) and in only one establishment it is not free. Hotel Fosstún and LAX-Á East Ranga Lodge don't have WI-FI and in Àrnes Hostel there is an extra charge for it. Common facilities also include restaurant, hot tub/pool/sauna, lounge/bar and meeting facilities. On the other hand slightly more than half of the establishments lack 24/7 reception and accessible rooms. Establishments with all of these facilities are Hotel Grímsborgir, Hestheimar, Hotel Rangá, Icelandair Hotel Flúðir and Hotel Selfoss while Hostel Úlfjótuvatn, Hotel Fosstún, Skálinn Hostel and Godaland Guesthouse have each only two of these facilities.

Additionally some establishments have other common or interesting features. The common facilities include grilling facilities, horse riding, bicycle rental, spa treatments, gift shop and snack shop. The other interesting facilities are for example karaoke, pool table and ping pong table, farm animals and library. Some establishments also offer their guests free access or discounts to nearby attractions and activities such as golf courses, town pools or spas.

Hotel Hekla has some notable facilities such as a hot tub, meeting facilities and restaurant and therefore establishments offering these same facilities are important competitors to it. Their types are presented in table 4 and classification in table 5.

Table 4. Type of facilities with a pool, meeting facilities and restaurant (N = 19).

Facilities: hot tub, pool, sauna or steam bath; meeting facilities; restaurant	
Hotel	14
Apartment hotel	0
Hostel	1
Guesthouse	2
Cottages	4

Out of the total of 43 competing establishments 19 establishments offer meeting facilities, restaurant and a pool or a hot tub. The majority of them are hotels but there are also few cottages and guesthouses and one hostel offering these facilities.

Table 5. Classification of facilities with a pool, meeting facilities and restaurant (N = 19).

Facilities: hot tub, pool, sauna or steam bath; meeting facilities; restaurant	
No classification	9
*	0
**	1
***	5
****	4
*****	0

Approximately half of the establishments offering the three most important facilities have no classification. However, five of them have three stars and four have four stars. In addition there is one establishment with two stars offering all these facilities.

Table 6. Facilities in a standard room (N = 43).

	Yes	No	Access
Bathroom en-suite	34	9	0
TV	20	23	0
Breakfast	38	5	0
Wi-Fi	35	8	0
Kitchen corner	7	25	11
Coffee and tea facilities	20	23	0
Minibar	3	40	0
Hairdryer	16	27	0
Towels and linen	43	0	0

The most common facilities in a standard room are towels and linen, breakfast, WI-FI and en-suite bathroom. However, towels and linen are available only for extra charge in six, breakfast in 16 and WI-FI in three establishments. A little less than half of the establishments offer a television, coffee and tea facilities and a hairdryer. Rooms are equipped with a minibar and kitchen corner in only few establishments. Additionally, in 11 establishments guests have an access to a kitchen corner. Out of hotels it Grímsborgir who has all the facilities in a standard room and in Rangá only the kitchen corner is lacking. In these hotels all the facilities are included in the price.

5.4 Websites

When analysing the quality of the websites of accommodation establishments three factors were taken into consideration. These were the clarity and style of the website as well as the amount of useful information available. There were three people assessing websites individually and an average score was counted for each factor based on grades given by them. The scale is from one to five, one being very bad and five being excellent. The results can be seen in table 7.

Table 7. Quality of websites (N = 42).

	Minimum value	Maximum value	Average
Clarity	2,33	5	3,76
Style	1,67	5	3,22
Information available	2,67	5	3,63

Out of 43 competitive establishments one, Godaland Guesthouse, did not have websites of its own. In addition two, Selfoss Hostel and Árnes Hostel, did not have pages of their own but as they are part of Hostelling International the organization's website was assessed. The worst score in clarity belongs to Hellishólar, LAX-Á East Ranga Lodge and Golden Circle Apartments, in style to Golden Circle Apartments and Árnes Hostel while Golden Circle Apartments, LAX-Á East Ranga Lodge, Úthlið, Hellishólar, Guesthouse Husið, Gaulverjaskóli Hostel and Stracta Hotel Hella have least information available.

Meanwhile the best score in clarity belongs to Hotel Fosstún, in style to Hotel Grímsborgir and ION Luxury Adventure Hotel and Hotel Rangá have the most information available. ION Luxury Adventure Hotel also has the best average score while Hotel Hvolsvöllur and Hotel Örk come second. The worst average belongs to Golden Circle Apartments and the second worst to LAX-Á East Ranga Lodge.

5.5 Search engine visibility

Regarding search engine visibility two things were investigated. These were search engine optimization (SEO) and search engine marketing (SEM). The search engines selected for the research were Google, Yahoo and Bing because they are the most popular ones. The visibility was studied using three different keywords. The first was accommodation establishment's name, the second *accommodation Iceland* and third *accommodation south Iceland*. The results are presented in table 8.

Table 8. Search engine optimization of accommodation establishments (N = 42).

	Minimum value	Maximum value	Average	Median
Google (hotel's name)	1	11	1,83	1
Yahoo (hotel's name)	1	5	1,55	1
Bing (hotel's name)	1	15	1,83	1
Google (accommodation Iceland)	16	168	67,1	48
Yahoo (accommodation Iceland)	19	287	142,1	145
Bing (accommodation Iceland)	26	246	71,09	48
Google (accommodation south Iceland)	7	139	57,25	35
Yahoo (accommodation south Iceland)	15	162	56	37,5
Bing (accommodation south Iceland)	8	254	95,93	74

Considering the search results when using the establishment's name as a keyword the most of the websites appeared as number one on the list. However, in Google Hotel Hella and Hostel Úlfjótuvatn had the worst rankings appearing as numbers 11 and seven. Hostel Úlfjótuvatn had also the worst ranking in Yahoo appearing as number five. Appearing as numbers 15 and 12 in Bing it were Hotel Hella and Gaulverjaskóli Hostel with worst rankings.

Within the search of *accommodation Iceland* the majority of the establishments' websites did not appear among the first 30 pages (ten results per page). That is to say that only few websites were among the first 300 results in any of the search engines. Many of the appearing websites did not belong to any accommodation establishments and many of the accommodation establishments appearing belonged to a hotel chain or were located in the capital area. The best ranking establishments included in the research are presented in table 9.

Table 9. Visibility with term Accommodation Iceland (N = 42).

Best ranked in Google		Best ranked in Yahoo		Best ranked in Bing	
Icelandair Hotel Fluðir	16	Guesthouse Husið	19	Icelandair Hotel Fluðir	26
Hostelling International	46	Icelandair Hotel Fluðir	48	Hostelling International	27
Hotel Grímsborgir	50	Guesthouse Vatnsholt	117	Guesthouse Vatnsholt	46

In Google only ten of the researched establishments appeared and the highest ranking establishments were Icelandair Hotel Fluðir, Hostelling International hostels Selfoss, Árnes, Laugarvatn and Gaulverjaskóli and Hotel Grímsborgir. Also in Yahoo ten establishments appeared and in there Guesthouse Husið and Icelandair Hotel Fluðir were the best ranked. In Bing there were 11 establishments among search results. The most successful ones were again Icelandair Hotel Fluðir, Hostelling International hostels and Guesthouse Vatnsholt.

When searching *accommodation south Iceland* approximately half of the establishments' websites appeared among the first 30 pages. The best ranked establishments are presented in table 10.

Table 10. Visibility with term accommodation south Iceland (N = 42).

Best ranked in Google		Best ranked in Yahoo		Best ranked in Bing	
Hostelling International	7	Hostelling International	15	Hotel Rangá	8
Hotel Grímsborgir	14	Minniborgir Cottages	21	Hostelling International	21
Hotel Rangá	16	Hotel Rangá	28	Hotel Grímsborgir	24
Icelandair Hotel Fluðir	20	Hotel Grímsborgir	47	Minniborgir Cottages	65
Hotel Eldhestar	24	Hotel Edda: ML Laugarvatn and IKI Laugarvatn	60	Icelandair Hotel Fluðir	74

In Google there were 20 establishments among search results and Hostelling International hostels (Selfoss Hostel, Laugarvatn Hostel, Gaulverjaskóli Hostel and Árnes Hostel), Hotel Grímsborgir, Hotel Rangá, Icelandair Hotel Fluðir and Hotel Eldhestar were the best ranked. In Yahoo the best ranked ones were again Hostelling International, Minniborgir Cottages, Hotel Rangá and Hotel Grímsborgir. There were 12 establishments appearing in Yahoo and 15 in Bing. The first establishments to appear in Bing were Hotel Rangá, Hostelling International hostels and Hotel Grímsborgir.

Regarding search engine marketing it was detected that none of the establishments had adverts of their own. Therefore it was decided to observe which ones were advertised by other websites such as Booking.com, Expedia or TripAdvisor. Keywords *accommodation Iceland* and *accommodation south Iceland* did not produce any advertisements belonging

to any of the participants. When using establishments' name 36 properties had some kind of advert in one or more search engines. The ones without any advertisements were Hellishólar, Hotel Hella, Bitra Bed & Breakfast, Skálinn Hostel, Úthlið, Gesthús and Gaulverjaskóli Hostel.

5.6 Reviews on Booking.com and TripAdvisor

When investigating the reviews left by customers on Booking.com and TripAdvisor websites both grades and comments were taken into consideration. The results for grades in Booking.com can be seen in table 11 and grades in TripAdvisor in table 13. The hotels' results for grades in Booking.com are presented in table 12 and grades in TripAdvisor in table 14. Finally the most common praises and complaints as well as interesting points from the comments are presented.

Table 11. Accommodation establishments' grades in Booking.com (N = 37).

	Minimum value	Maximum value	Average	Median
General	6,2	9,3	8,13	8,2
Cleanliness	6,5	9,8	8,48	8,7
Comfort	6	9,6	8,01	8,1
Location	6	9,7	8,38	8,5
Facilities	5,8	9,4	7,9	8,1
Staff	6,4	9,8	8,39	8,5
Value for money	6,1	9,2	7,67	7,5

In Booking.com there were reviews for 37 establishments. The scale is from one to ten and both general grade and specific grades have been examined. With 6,2 points Godaland Guesthouse has the worst general grade. All the others have over seven points and the average is 8,13. The best grade is 9,3 and belongs to Héraðskólinn hostel. Guesthouse Lambastaðir and Hotel Lækur come second with 9,2 and Hotel Grímsborgir and Minniborgir Cottages both have a grade of 9,1.

Godaland Guesthouse has also the lowest grades regarding cleanliness (6,5), comfort (6), location (6), facilities (5,8) and staff (6,4) while Hotel Edda IKI Laugarvatn offers

the least value for money (6,1). Maximum value regarding cleanliness is 9,8 and belongs to Guesthouse Lambastaðir while Hotel Grímsborgir's grade of 9,6 is the highest in the comfort category. Héraðskólinn Hostel has the best location (9,7) and Hotel Grímsborgir has the best facilities (9,4). The best staff (9,8) can be found in Hotel Lækur while it is Héraðskólinn hostel with a grade of 9,2 who offers the best value for money.

Table 12. Hotel reviews on Booking.com (N = 15).

	Minimum value	Maximum value	Average	Median
General	7,1	9,2	8,19	8,2
Cleanliness	7,1	9,7	8,63	8,8
Comfort	7,1	9,6	8,23	8,1
Location	7,7	9,4	8,56	8,6
Facilities	6,6	9,4	8,01	8,1
Staff	7,3	9,8	8,48	8,5
Value for money	6,1	8,7	7,31	7,3

There are 15 hotels with reviews on Booking.com. The lowest general grade is 7,1 and it belongs to Hotel Hvolsvöllur. The hotel also has the lowest score regarding cleanliness, comfort (shared with Edda hotels), location, facilities and staff. The hotel offering least value for money is Hotel Edda IKI Laugarvatn. The best general grade is 9,2 and belongs to Hótel Lækur, which has also the best grades regarding staff and value for money. Hotel Grímsborgir has the highest scores regarding cleanliness, comfort and facilities while Frost and fire guesthouse has the best location.

Table 13. Accommodation establishments's reviews in TripAdvisor (N = 35).

	Minimum value	Maximum value	Average	Median
General	3	5	4,21	4,5
Location	3	5	4,21	4,5
Sleep quality	3,5	5	4,27	4,5
Rooms	3	5	4,01	4
Service	3	5	4,16	4,5
Value	3	5	4	4
Cleanliness	3,5	5	4,41	4,5

In TripAdvisor there were reviews for 35 accommodation establishments. The scale is from one to five and similar to Booking.com both general and specific grades have been taken into consideration. The general grades seem to rather good as only two properties, Hellishólar and Hotel Hella, have the minimum value of three and six properties, Hotel Grímsborgir, Minniborgir Cottages, Héraðskólinn Hostel, Hotel Lækur, Geysir Green Guesthouse and Guesthouse Lambastaðir, have the maximum value of five.

Árnes Hostel has the worst grade (3) regarding location while Héraðskólinn Hostel and Lauarvatn Hostel have the best grades (5). Sleep quality is quite good in all the establishments and the minimum value of 3,5 is shared by five properties. However, only Hotel Grímsborgir and Frumskógar Guesthouse have the maximum value of five. The minimum value (3) regarding rooms belongs to Hellishólar, Hotel Hella, Hotel Hvolsvöllur and Hotel Edda IKI Laugarvatn. The maximum value (5) belongs to Hotel Grímsborgir and Héraðskólinn Hostel.

The lowest grade (3) in service goes to Cafe Arhus Hellu and highest (5) to Guesthouse Lambastaðir, Hotel Lækur, Héraðskólinn Hostel and Hotel Grímsborgir. The worst value (3) is in Hellishólar, Hotel Geysir and Hotel Hvolsvöllur while the best (5) is in Héraðskólinn Hostel. With a grade of 3,5 Hellishólar, Café Arhus Hellu and Hotel Hvolsvöllur have the lowest grade regarding cleanliness. Guesthouse Lambastaðir, Hotel Fljótshlíð, Geysir Green Guesthouse, Hotel Lækur, Héraðskólinn Hostel, Minniborgir Cottages and Hotel Grímsborgir all have a grade of five.

Table 14. Hotel reviews on TripAdvisor (N = 17).

	Minimum value	Maximum value	Average	Median
General	3	5	4,03	4
Location	3,5	4,5	4,21	4,5
Sleep quality	3,5	5	4,18	4
Rooms	3	5	3,85	4
Service	3,5	5	4,06	4
Value	3	4,5	3,76	3,5
Cleanliness	3,5	5	4,38	4,5

There are 17 hotels with reviews in TripAdvisor. The lowest general grade belongs to Hotel Hella. The rest of the lowest grades are shared by many hotels, mainly Hotel Hella, Hotel Hvolsvöllur and Edda hotels. Hotel Grímsborgir and Hótel Lækur have the best general grade. Like with the lowest grades, also the highest scores are shared by a few hotels. The best graded hotels are Hotel Grímsborgir, Hótel Lækur and Hotel Fljótshlið. The best location is shared by ten hotels, all situated in different kind of locations.

Common praises in the comments were good breakfast, nice location, helpful and friendly staff and spacious, well-equipped room. Also hot tubs, cleanliness, prices and farm animals were complimented. On the other hand there were also some frequent complaints such as lack of reception and personnel, high prices, small rooms and shared bathrooms and kitchens. Also poor or lacking WI-FI, missing reservations, dirtiness, poor service, breakfast and outdated rooms received criticism. Breakfast received complaints due to poor selection, extra charges or not existing.

There were also some interesting and useful comments. Shops and restaurants within walking distance were seen as a good thing. Breakfast waffles, home-made jams, flower essence to add to water on breakfast and possibility to cook eggs in a hot spring were liked by guests. Also wake up call for the northern lights, a trampoline, table tennis and discount to a nearby spa were appreciated. It was also noticed that some hotel managers had responded to reviews. In our opinion that is a great thing as long as the grammar is relatively correct. We also believe that it is not necessary to answer every com-

ment, just politely to the criticism assuring that the complaints have been taken seriously and will be considered when developing services.

5.7 SWOT

The results of the basic competitor survey are summarized in the external part of the SWOT analysis (figure 7). The characteristics of Hotel Hekla are presented in the internal factors.

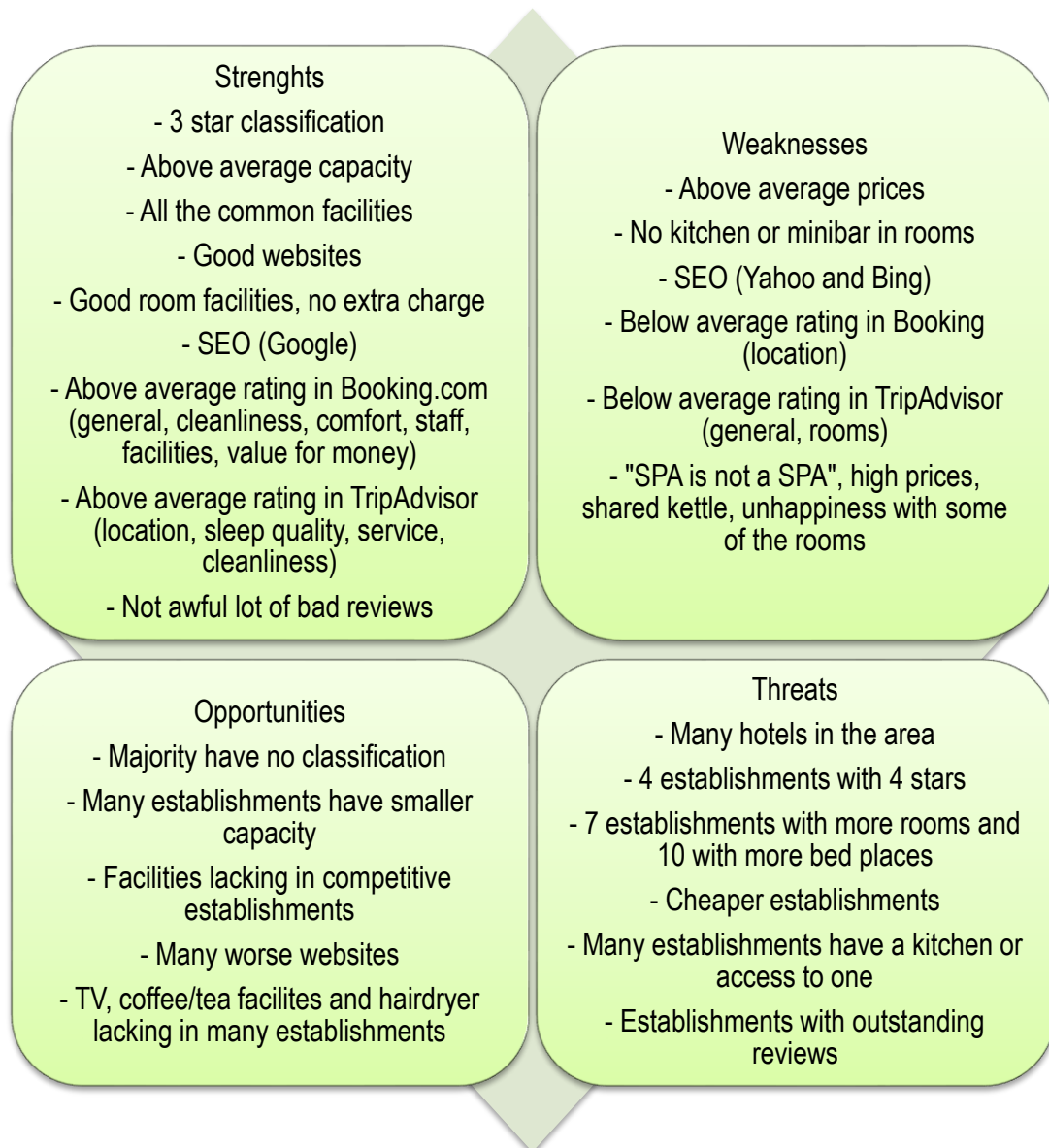


Figure 7. SWOT analysis for Hotel Hekla regarding competitive accommodation establishments.

It seems that Hotel Hekla's position is relatively good compared to its competitors. Among the strengths and opportunities is the classification because the majority of accommodation establishments in the area lack it. Therefore three stars give credibility to Hotel Hekla. However, four establishments, Hotel Rangá, Hotel Grímsborgir, Hotel Selfoss and ION Luxury Adventure Hotel, have four stars and can therefore be considered as threats. Other strength is the capacity as it is above average regarding both rooms and bed places. However, there exist some establishments with more capacity. The biggest threats of these are other hotels, namely Hotel Örk, Hotel Edda ML Laugarvatn, Hotel Selfoss, Hotel Hvolsvöllur, Hotel Rangá, Hotel Hella and Stracta Hotel Hella. However, Stracta Hotel Hella is opening in May 2014 and Hotel Edda operates only during summer.

Strengths as well as opportunities of Hotel Hekla also include that the hotel has all the common facilities and good room facilities for no extra charge. Many establishments in the area lack some facilities or have them available for surcharge. However, weaknesses in Hotel Hekla's facilities include that there is no kitchen or minibar in the rooms. Therefore it can be seen as threat that many establishments have a kitchen or access to one. Still, it has to be noted that many of these establishments are cottages, apartment hotels or hostels instead of hotels. The only hotel with a kitchen corner in their rooms is Hotel Grímsborgir and the three establishments with a minibar are Hotel Selfoss, Hotel Rangá and again Hotel Grímsborgir, all are four-star hotels and therefore are one class higher than Hotel Hekla.

Considering the prices it can be seen as a weakness that Hotel Hekla has above average prices and therefore establishments with lower prices are a threat. Still, it has to be taken into account that many of these establishments have lower classification or offer different type of accommodation. In addition the higher prices can also be seen as strength because they may create an image of high quality.

When it comes to the visibility and websites Hotel Hekla has a relatively good situation. The company has good websites compared to many others according to the test group. The visibility is also good in Google as it appeared as number 40 when using

accommodation south Iceland as a keyword. However, in Yahoo and Bing the hotel could improve its search engine optimization as with the same keyword it did not emerge until on page 12.

Concerning the customer reviews the hotel's general rating is above average in Booking.com. Within the specific categories in Booking.com it also is above average in cleanliness, comfort, staff, facilities and value for money but below in location. In TripAdvisor Hotel Hekla's general grade is below average as is its grade in rooms. However, it has above average rating in location, sleep quality, service and cleanliness. Additionally it is a strength that there are not many bad reviews. Conversely, it is a weakness that some customers have brought up in internet their unhappiness with the spa area, high prices and shared kettle. It is not a surprise that the establishments like Hotel Grímsborgir, Minniborgir Cottages, Héraðskólinn Hostel, Hotel Lækur, Geysir Green Guesthouse and Guesthouse Lambastaðir are threats due to their excellent reviews.

6 Conclusions

The aim of this basic competitor survey was to define which establishments are direct competitors of Hotel Hekla and to present their characteristics. The research problem was to survey the accommodation situation in the area and find out if Hotel Hekla has a competitive advantage over its competitors. This was done comparing gathered information to the characteristics of Hotel Hekla.

In conclusion it was noted that the accommodation situation around Hotel Hekla is quite diverse and there are many different kind of establishments that can be considered direct competitors. It was also noticed that the strengths and weaknesses varied a lot regarding the different categories that can produce a competitive advantage. That is to say that some establishments did well in some categories but were weaker in others while the situation was reversed concerning other establishments. Therefore it is challenging to define the core competitors of Hotel Hekla.

Considering which establishments have the most similar characteristics with Hotel Hekla nine establishments can be identified. These establishments share similar facilities, have more or less the same price level and enough rooms to be considered Hotel Hekla's most important competitors. Out of these nine establishments two, Edda IKI Laugarvatn and Edda ML Laugarvatn, are only open during summer. The remaining seven core competitors are Hotel Grímsborgir, Hotel Geysir, Icelandair Hotel Fluðir, Hotel Hvolsvöllur, Hotel Selfoss, Hotel Eldhestar and Hotel Örk. However, it has to be noted that Hotel Grímsborgir and Hotel Selfoss are four star hotels and have slightly higher prices than the rest.

These establishments were selected because they have the most important facilities available – meaning a restaurant, a hot tub, meeting facilities, bathroom en-suite and breakfast. Additionally they have at least 20 rooms and are hotels, apartment hotels or guesthouses. The price level is close to the prices of Hotel Hekla and for this reason Hotel Rangá and ION Luxury Adventure Hotel were left out.

Regarding the accommodation situation around Hotel Hekla it can be seen that even though the accommodation establishments differ from each other very few of them actually stand out from the crowd. There are few exceptions, for example Hotel Rangá and ION Luxury Adventure Hotel, but they also have different concept as they have higher star rating and prices. Like both Enz (2011) and Porter (2004a) state, competitive advantage means either something that has value in the market and that only one or few companies possess or having cost leadership. Based on this none of the establishments, besides Hotel Rangá and ION Luxury Adventure Hotel, seems to have a notable competitive advantage over the others. However, even though Hotel Hekla does not seem to have significant competitive advantages over its competitors, it has a rather good situation compared to many others.

6.1 Development suggestions

To gain a competitive advantage Hotel Hekla has different options. One is to lower prices considerably but what seems to be better for its strategy is differentiation. According to Kiradjian (2012) a hotel can differentiate with for example service, flexibility, unique property and installations or innovations. However, many establishments have great reviews regarding service and are small companies meaning that excellent service and flexibility cannot be considered competitive advantages in this case. Therefore unique property and innovations are left and these development propositions are based on them.

One way to distinguish from the competition is to offer special facilities. A popular facility could be for example a snack shop. From it guests could buy drinks and small bites such as chips and chocolate. Since the hotel is located rather far from services it would be useful if the customers had an opportunity to buy something in addition to dinner and breakfast.

Also facilities related to entertainment could be successful. These facilities could include for example grilling facilities, bicycle rental, table tennis and other games or even karaoke. These were some of the interesting facilities offered by one or more accommodation establishments that were studied. Some things the researchers would appre-

ciate in a hotel are a gym, chess and other board games in the bar and movies. It has to be noted that most of these are small things that do not likely create much competitive advantage but can be seen as ways to increase customer satisfaction.

Additionally it could be good to co-operate with local service providers. This would enable the customers to buy more activities and attract them to stay at Hotel Hekla. These service providers could be for example horse riding companies, spas, tour companies such as glacier tour companies, golf courses and museums. Based on the information gathered, some of the competitors already co-operate with some service providers.

Another ways to differentiate could be to invest in the design of the hotel. Having a unique theme would help the hotel to stand out. These themes could include for example the Icelandic sagas or nature. If the saga theme was chosen each room could be linked to a certain saga. There could be relevant artworks in the room as well as the saga available for reading in English. Then again if the nature theme was chosen the colouring and art could be related to different animals and natural phenomena of Iceland.

6.2 Further research

It is essential to conduct more competitive analyses in addition to this basic competitor survey. As Kamensky (2000) explains, after the basic competitor survey more comprehensive analyses can be conducted. These are for example competitor business system analyses, cost structure analyses, industry's competitive strengths analyses and competitor strategy analyses. In this case these analyses could be conducted for the defined core competitors and other competitors that might be considered important.

It is also important to repeat the basic competitor survey once in a while to see how the competitors are developing. It will also reveal new entrants as well as the new core competitors. If Hotel Hekla aims to being as effective as possible, it could be useful to develop a competitor intelligence system (Pirttilä 2000, Porter 2004b) which would help to get a comprehensive picture of the competitors' situation.

7 Reflection

Looking back to the thesis process there are some things that stand out. First of all, the subject of the thesis was new to us and therefore we were able to learn a lot of new things. We gained knowledge for example about competitive advantage, competitive analyses and accommodation industry in Iceland. We found the subject very motivating because we are both interested in accommodation industry and planning to work within it in the future.

Considering the aims of the thesis we believe that they were reached rather well. In total the report is comprehensive and all the research problems were answered. However, we encountered some challenges during the research process. When collecting data it turned out that many accommodation establishments' websites lacked information and therefore we were forced to gather data from various sources. This in turn means that the results are somewhat indicative instead of exact. Especially prices and capacity were challenging to find because they varied in different sources. The quality of websites would have been more valid if there had been more than three people evaluating them.

In addition the search engine visibility did not work out quite as planned. The plan regarding search engine marketing had to be changed to include ads by different online booking services because it turned out that none of the establishments had advertisements of their own. The search engine optimization worked a little better. However, the ranking of the webpages varied in different times which reduced the reliability of the research.

Despite all the challenges we think that the results work well as indicators of the competitive situation in the area. It is possible to see which establishments are doing well in many categories and what the situation of Hotel Hekla is. Therefore it is our belief that this basic competitor survey will be useful for the commissioner. The managers of Hotel Hekla can utilize the research in planning of hotel's operations and in designing further research.

All in all, the research process proceeded rather effectively and the challenges we encountered were overcome. We believe that we have grown a great deal professionally during the process. We have not only learned things related to tourism industry but also things concerning organization of the work, time planning and critical thinking. Without a doubt we can utilize all this in the future.

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Attachments

Attachment 1. Observation form.

Observation form	
Name of the property	
Location (village mentioned in Booking.com)	
Type of accommodation	
Hotel classification	
Number of rooms	
Number of places	
Summer pricing on internet: standard double	
Summer pricing on internet: standard single	
Summer pricing on internet: bed in a shared dorm	
Winter pricing on internet: standard double	
Winter pricing on internet: standard single	
Winter pricing on internet: bed in a shared dorm	
Facilities available	
Restaurant	
Hot tub, pool or sauna/steam bath	
Lounge, bar	
Meeting facilities	
Wi-Fi	
Free Wi-Fi	
24/7 reception	
Accessible rooms	
Other, what?	
Quality of web page (personal opinion 1 – 5, when 1 = bad and 5 = excellent)	

Clarity	
Style	
Information available: amount, relevance	
Facilities in a standard room (free of charge)	
Bathroom en suite	
TV	
Wi-Fi	
Kitchen corner	
Coffee/tea facilities	
Breakfast	
Minibar	
Hairdryer	
Towels and linen	
Facilities in a standard room (for extra charge)	
Wi-Fi	
Towels and linen	
Breakfast	
Visibility	
SEO: Google (hotel's name)	
SEO: Yahoo (hotel's name)	
SEO: Bing (hotel's name)	
SEM: Google (hotel's name)	
SEM: Yahoo (hotel's name)	
SEM: Bing (hotel's name)	
SEO: Google ("accommodation Iceland")	
SEO: Yahoo ("accommodation Iceland")	
SEO: Bing ("accommodation Iceland")	
SEM: Google ("accommodation Iceland")	
SEM: Yahoo ("accommodation Iceland")	
SEM: Bing ("accommodation Iceland")	

SEO: Google (“accommodation south Iceland”)	
SEO: Yahoo (“accommodation south Iceland”)	
SEO: Bing (“accommodation south Iceland”)	
SEM: Google (“accommodation south Iceland”)	
SEM: Yahoo (“accommodation south Iceland”)	
SEM: Bing (“accommodation south Iceland”)	
Ratings on Booking.com & TripAdvisor	
Customer rating: Booking.com (0 - 10)	
Cleanliness	
Comfort	
Location	
Facilities	
Staff	
Value for money	
Customer rating: TripAdvisor (0 - 5)	
Location	
Sleep quality	
Rooms	
Service	
Value	
Cleanliness	
Something to notice in the comments, what?	